

## RESOLUTION NO. 2010-015

Adopted by the Housing Authority  
of the City of Sacramento

December 7, 2010

### **630 I STREET LEASE AGREEMENT: AUTHORIZATION TO ENTER INTO A LEASE AGREEMENT WITH THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO TO CONSOLIDATE THE HOUSING CHOICE VOUCHER (HCV) PROGRAM ADMINISTRATIVE OFFICES AND TO SOLICIT AND AWARD CONTRACTS FOR TENANT AND OTHER IMPROVEMENTS FOR THE COMMERCIAL SPACE**

#### **BACKGROUND**

- A. The Housing Authority of the County of Sacramento Housing Choice Voucher (HCV) Program administrative offices currently occupies two buildings.
- B. Riverview Apartments, constructed in 1975, is a conventional public housing development located at 630 I Street, Sacramento, California, in which the first three floors are office/commercial. From 1975 through January 2010, the commercial space served as administrative offices for the Sacramento Housing and Redevelopment Agency (SHRA), a joint powers agency whose constituent members include the Housing Authorities of the City and the County of Sacramento.
- C. Over the past few years, SHRA, on behalf of the Housing Authorities, have explored options to relocate its Housing Choice Voucher program (HCV) administrative offices. The existing HCV program administrative offices are located in two buildings located at 701 12<sup>th</sup> Street, and 1210 G Street, Sacramento. The building configuration lacks the capacity to support the staff and cannot be reconfigured to meet changing demands or enhance operational efficiencies. HCV currently leases both buildings which contain 16,405 square feet of office and storage space that are subject to annual renewal options.
- D. In 2009 SHRA utilized an experienced commercial real estate brokerage firm to assist in determining relocation options for the HCV program. The brokerage firm also conducted a property search for future locations for the HCV program. All options were analyzed and financially underwritten. Options included purchase, build to suit and leasing. After careful review and analysis of all the relocation options, it was determined that the lease option of 630 I Street commercial space provided the most financial and operational benefits.
- E. The architectural firm for the 626/630 I Street residential project was selected through a competitive Request for Qualifications (RFQ) process. The residential portion of the project is now fully designed. Contracting with the same design firm (Van Tilburg, Banvard and Soderbergh Architects) for the commercial tenant improvement design services will ensure continuity of the architectural and engineering design for the

building which will lead to effective design coordination and construction cost efficiencies.

- F. The Construction Manager/General Contractor, Turner Construction Company, was also selected for the 626/630 I Street residential project through a competitive RFQ process. Contracting with this competitively-selected firm for the construction management and oversight of the commercial tenant improvements will ensure continuity of the construction, coordination and construction cost efficiencies.
- G. Turner Construction Company, on behalf of the Housing Authority of the City of Sacramento, will publicly bid out all portions of the construction work for the commercial space of the 630 I Street Project in compliance with all federal and state law.
- H. The proposed acquisition of an existing building is not a project under the California Environmental Quality Act ("CEQA") in that the tenant improvements and minor systems updates and refurbishment are categorically exempt from further review pursuant to CEQA Guidelines Section 15301 as the operation, repair, maintenance, or minor alterations of an existing structure or facility without expanding uses. The lease-related actions do not add any new information to the project which would change the environmental findings, and do not require additional environmental review. The lease-related actions are categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.35(a)(5) as the acquisition (including leasing) of an existing structure. Interior tenant improvements are also categorically excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(iii).

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:**

- Section 1. The above findings are true and correct and hereby adopted.
- Section 2. The Executive Director, or her designee is authorized to execute an Architect and Engineering contract with Van Tilburg, Banvard, and Soderbergh Architects for the design of the commercial space at 630 I Street and prepare the necessary bid documents for the construction of tenant improvements.
- Section 3. The Executive Director, or her designee, is authorized to execute a construction management services contract with Turner Construction for the construction management and oversight of the 630 I Street Project commercial space tenant improvements.
- Section 4. The Executive Director, or her designee, is authorized to issue a Request for Proposals to competitively solicit and award a contract, in a form approved by Agency Counsel, for space planning and consulting services to recommend the best furniture to meet the varied needs of HCV program administrative office, and to provide and install the selected furniture, subject to available project budget.

- Section 5. The Executive Director, or designee, is authorized to execute a contract utilizing the California Multiple Award Schedules (CMAS) for the 630 I Street Project internet cabling, subject to available project budget.
- Section 6. The Executive Director, or her designee, following public bid(s) is authorized to award to the lowest responsive and responsible bidder(s) construction contracts in a form approved by Agency Counsel, for tenant and other improvements for the commercial space at 630 I Street and to make that space ready for occupancy by the HCV program, subject to available project budget.
- Section 8. The Executive Director, or her designee, is authorized to execute such additional documents and take such additional actions as reasonably necessary to ready the commercial space at 630 I Street for occupancy and to facilitate the relocation and consolidation of the HCV administrative offices, subject to available project budget.
- Section 7. The Executive Director, or her designee, is authorized to execute the lease agreement, attached as Exhibit A with the Housing Authority of the County of Sacramento.

**Table of Contents:**

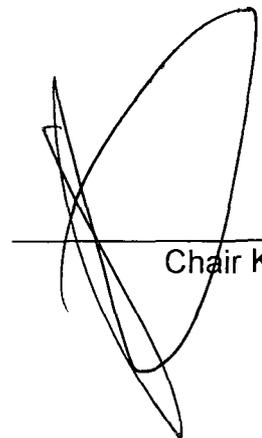
Exhibit A: Lease Agreement

Adopted by the Housing Authority of the City of Sacramento on December 7, 2010 by the following vote:

- Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.
- Noes: None.
- Abstain: None.
- Absent: None.

Attest:

  
Shirley Concolino, Secretary

  
Chair Kevin Johnson

**LEASE AGREEMENT**

THIS LEASE, dated **September 1, 2012** is between the **HOUSING AUTHORITY OF THE CITY OF SACRAMENTO** (LESSOR), and the **HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO** (LESSEE).

IT IS AGREED:

**1. LEASE TERM:**

A. LESSOR grants to LESSEE a tenancy for Five (5) years, with three (3) five year options to extend the lease term, at the sole discretion of the LESSEE commencing approximately September 1, 2012 in the following property: approximately 24,474 square feet of gross rentable Space located at 630 I Street, Sacramento California, (“Premises”) in the Riverview Plaza Apartments Community, and incorporated herein by reference.

B. Either party shall have the right to cancel this Lease at no cost or penalty by giving the other party thirty (30) days written notice.

**2. SCHEDULE:**

A. The Lease term shall commence when the premises are prepared for occupancy, or the date LESSEE takes possession of the premises, whichever occurs first.

B. When the date of commencement of the term has been ascertained, the parties shall then execute the attached *Exhibit “A”* Confirmation of Lease Term.

**3. RENTAL RATE:**

Except for initial occupancy period, the yearly rental rate is paid annually in advance (rent includes utilities).as follows:

Initial occupancy (9/1/2012 – 12/31/2012): Free Rent plus Cost of Utilities  
Year 1 (1/1/2013 – 12/31/2013): \$230,000 per year (includes base rent and parking)  
Year 2 (1/1/2014 – 12/31/2014): \$240,000 per year (includes base rent and parking)  
Year 3 (1/1/2015 – 12/31/2015): \$250,000 per year (includes base rent and parking)  
Year 4 (1/1/2016 – 12/31/2016): \$260,000 per year (includes base rent and parking)  
Year 5 (1/1/2017 – 12/31/2017): \$270,000 per year (includes base rent and parking)

First Option Period

Option year 1 (1/1/2018 – 12/31/2018): \$281,000 per year (includes base rent and parking)  
Option year 2 (1/1/2019 – 12/31/2019): \$292,000 per year (includes base rent and parking)  
Option year 3 (1/1/2020 – 12/31/2020): \$303,000 per year (includes base rent and parking)  
Option year 4 (1/1/2021 – 12/31/2021): \$315,000 per year (includes base rent and parking)  
Option year 5 (1/1/2022 – 12/31/2022): \$327,000 per year (includes base rent and parking)

Second Option Period

Option year 6 (1/1/2023 – 12/31/2023): \$340,000 per year (includes base rent and parking)

Option year 7 (1/1/2024 – 12/31/2024): \$352,000 per year (includes base rent and parking)  
Option year 8 (1/1/2025 – 12/31/2025): \$366,000 per year (includes base rent and parking)  
Option year 9 (1/1/2026 – 12/31/2026): \$379,000 per year (includes base rent and parking)  
Option year 10 (1/1/2027 – 12/31/2027): \$393,000 per year (includes base rent and parking)

Third Option Period

Option year 11 (1/1/2028 – 12/31/2028): \$408,000 per year (includes base rent and parking)  
Option year 12 (1/1/2029 – 12/31/2029): \$422,000 per year (includes base rent and parking)  
Option year 13 (1/1/2030 – 12/31/2030): \$438,000 per year (includes base rent and parking)  
Option year 14 (1/1/2031 – 12/31/2031): \$454,000 per year (includes base rent and parking)  
Option year 15 (1/1/2032 – 12/31/2032): \$470,000 per year (includes base rent and parking)

**4. USE:**

- A. The Premises shall be used by LESSEE only as the Housing Authority of the County of Sacramento for commercial space located at 630 I Street to serve as administrative offices for the Housing Choice Voucher Program, but for no other uses without LESSOR's written consent.\
- B. Hours of operation intentionally omitted.
- C. Security Requirements intentionally omitted.

**5. ALTERATIONS BY LESSEE:**

LESSEE may make no alterations to the leased premises without the prior written consent of LESSOR. All tenant improvements and fixtures shall be the property of the Housing Authority of the City when tenant terminates the contract.

LESSEE is responsible for all costs associated with tenant improvements.

LESSEE shall immediately pay all costs of labor, services and materials supplied in prosecution of any work to be done on the Premises, if such work is approved. LESSEE shall keep the Premises free and clear of all mechanics liens and any other liens.

**6. UTILITY SERVICE PAYMENT:**

- A. LESSOR shall pay, when due, a prorated share for gas and electricity charges incurred for heating, lighting, and cooling the premises during the term of this Lease, and LESSEE shall provide, at its own cost, all necessary janitorial service.
- B. LESSOR shall furnish all electric light bulbs and/or tubes as required during the term of this Lease.
- C. LESSOR shall pay all sewer and water charges.
- D. LESSOR shall at its own cost and expense, furnish garbage and waste removal services for the premises. LESSEE shall not overburden these services.

**7. INDEMNIFICATION:**

LESSEE agrees to indemnify, defend and hold LESSOR and LESSOR'S governing boards, employees, agents and contractors harmless from all liability, penalties, losses, damages, costs, expenses, causes of action, claims, or judgments arising by reason of any death, bodily injury, personal injury, or property damage resulting from any cause occurring in or about or resulting from an occurrence in or about Premises during the Lease Term; the negligence or willful misconduct of LESSEE or LESSEE's agents, employees, and contractors wherever it occurs; or, an Event of LESSEE's default.

The provisions of this Section 7 shall survive the expiration or sooner termination of this Lease.

**8. INSURANCE:**

LESSEE will provide Proof of insurance coverage of under a commercial general liability policy, premises liability evidenced by a certificate of liability insurance naming LESSOR as additional insured.

If any tenant improvements or construction is approved pursuant to Section 5 of this LEASE, LESSEE shall have or cause the contractor to have appropriate liability insurance in a form and amount approved by LESSOR.

**9. MAINTENANCE OF FACILITY:**

LESSOR at its cost shall maintain in good repair and tenantable condition, the interior of the leased premises, including but not limited to: interior walls, ceilings, glazing, floor covering, plumbing fixtures, hot water heater, lighting fixtures (ballasts, bulbs) and any furnishing, partitions or systems specifically installed or required for the LESSEE use. LESSOR at its cost shall maintain the exterior walls, roof, grounds, exterior lighting, and HVAC equipment, fire alarm and extinguisher systems.

**10. FACILITY PARKING:**

LESSEE and its employees shall have the right to 28 parking spaces.

**11. REPAIR CONTRACT:**

LESSOR shall designate sources to be called when repairs to the electrical and plumbing systems are required. Said sources shall be called in the event LESSEE is unable to contact LESSOR within a reasonable time.

**12. RISK OF HAZARDS:**

LESSEE shall not do anything on the premises, nor bring or keep anything thereon which will in any way increase the risk of fire or the rate of insurance, or which shall conflict with the regulations of any fire district having jurisdiction.

**13. LESSEE OWNED ITEMS:**

All permanent fixtures, partitions or other improvements made or installed under the requirements of this Lease, by either LESSOR or LESSEE, shall remain the property of the LESSOR. LESSEE shall repair any damage to the leased premises resulting from removal of any fixture, partition or other improvement installed by LESSEE.

**14. SUCCESSORS-IN-INTEREST:**

This LEASE may not be transferred or assigned. Any purported assignment of this LEASE or any interest in this LEASE shall be void o and of no effect.

**15. WRITTEN COMMUNICATIONS:**

A. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party pursuant to this Lease shall be in writing and either served personally or sent by prepaid, first class, certified mail.

Such matters shall be addressed to the other party at the following address:

<u>To LESSOR at:</u>	<u>To LESSEE at:</u>
Housing Authority of the City of Sacramento 801 12th Street Sacramento, CA 95814  Phone No. (916) 440-1334 Fax No. (916) 442-3718	Housing Authority of the County of Sacramento 1210 G Street Sacramento, CA 95814  Phone No. (916) 440-1397

or such other address as a party may designate to the other by notice.

B. Any matter mailed pursuant to this paragraph shall be deemed communicated within forty-eight (48) hours from the time of mailing.

**16. RIGHT AND REMEDY:**

No delay or omission in the exercise of any right or remedy of either party on any default of the other party shall impair such a right or remedy or be construed as a waiver of such default. Any waiver by either party of any default of the other party shall be in writing and shall not be a waiver of any other default concerning the same or any other provisions of the Lease.

**17. RULES AND REGULATIONS:**

Intentionally left blank

**18. MODIFICATIONS OF LEASE TERMS:**

With the mutual agreement of both the LESSOR and LESSEE the terms of this lease may be modified to address provisions in the lease, including the timing and amount of annual lease payments,

that require adjustment or renegotiation due to external forces such as decreases in federal funding for programs that impact the ability of the LESSOR or LESSEE to perform under the terms of the lease.

**LESSOR:**

**LESSEE:**

HOUSING AUTHORITY OF  
THE CITY OF SACRAMENTO

Housing Authority of the County of Sacramento

By: \_\_\_\_\_  
LaShelle Dozier  
Executive Director

By: \_\_\_\_\_  
LaShelle Dozier  
Executive Director

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
AGENCY COUNSEL

**CONFIRMATION OF LEASE TERM**

LESSOR: HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

LESSEE: Housing Authority of the County of Sacramento

LEASE DATE: September 1, 2012

PREMISES: Approximately 24,474 sq. ft. located at 630 I Street, Sacramento, CA.

LEASE COMMENCEMENT DATE: September 1, 2012

LEASE TERMINATION DATE: December 31, 2017

**LESSOR:**

HOUSING AUTHORITY OF THE CITY  
OF SACRAMENTO

By: \_\_\_\_\_

Its: \_\_\_\_\_

DATE: \_\_\_\_\_

**LESSEE:**

Housing Authority of the County of Sacramento

By: \_\_\_\_\_

Its: \_\_\_\_\_

DATE: \_\_\_\_\_